



Training Proposal for:
Del Monte Corporation
Agreement Number: ET12-0233

Panel Meeting of: **December 16, 2011**

ETP Regional Office: **San Francisco Bay Area**

Analyst: A. Nastari

PROJECT PROFILE

Contract
 Type: Priority/Retrainee

Industry
 Sector(s): Manufacturing
 Green Technology

Counties
 Served: Contra Costa, Fresno, San Francisco, San Joaquin, Stanislaus

Repeat
 Contractor: ☒ Yes ☐ No

Union(s): ☒ Yes ☐ No
 Teamsters Local Union No. 601 and 948

Priority
 Industry: ☒ Yes ☐ No

No. of Employees in CA: 1,625

No. of Employees Worldwide: 14,497

Turnover Rate %	Manager/ Supervisor %
8%	18%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding
\$243,000	\$0	\$243,000

In-Kind Contribution
\$348,484

TRAINING PLAN TABLE

Job No.	Job Description (by Contract Type)	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Priority/Retrainee	Business Skills, Computer Skills, Continuous Improvement, Manufacturing Skills	450	24 - 200	0 - 24	\$540	\$14.09
				Weighted Avg: 30			

Minimum Wage by County: Fresno, San Joaquin, and Stanislaus \$14.09; Contra Costa and San Francisco \$15.37

Health Benefits: ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☒ Yes ☐ No

\$3.35 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation	
Occupation Title	Wage Range
Accounting, Administrative, Finance, Supply Chain, and Support Staff	
Advertising, Distribution, Marketing, R&D, Sales Staff, and Scientists	
IT, Operations, Production Staff and Technicians	
Directors (Technical Frontline)	
Managers and Supervisors	

INTRODUCTION

In this proposal, Del Monte Corporation (Del Monte) seeks funding for retraining as outlined below:

Del Monte is recognized as one of the country's largest manufacturers, distributors, and marketers of premium quality, branded pet products and food products for the U.S. retail market. Food product brands include *Del Monte®*, *Contadina®*, *S&W®*, *College Inn®* and other brand names. Its pet food and pet snacks brands include *Meow Mix®*, *Kibbles 'n Bits®*, *Milk-Bone®*, *9Lives®*, *Milo's Kitchen™*, *Pup-Peroni®*, *Gravy Train®*, *Nature's Recipe®*, *Canine Carry Outs®* and other brand names. The company also produces and distributes private label food products. All products are distributed to core customers (suppliers) such as Albertsons, Target Corporation, Wal-Mart Stores Inc. Safeway Company, PetSmart, and Costco.

Del Monte's manufacturing operations are in Modesto and Kingsburg with distribution from its facility in Lathrop. The employees being trained from these locations are frontline workers represented by the Teamsters Union Locals 601 and 948. The company is headquartered in San Francisco, with its sales department in San Ramon and Research and Development (R&D)

in Walnut Creek. Frontline workers including some managers and supervisors will participate in this training proposal. Trainees from all five locations will participate in the training.

The company meets out-of-state requirements as an industrially-classified manufacturer. (Title 22, California Code of Regulations (CCR), Section 4416(i).)

PROJECT DETAILS

Company representatives report several recent or ongoing changes that have impacted its business operations: an acquisition in March 2011 taking Del Monte from a publically traded company to private; a new CEO; and volatility in the commodity market which impacts ingredient and transportation costs (e.g., corn, wheat, gas).

These changes have resulted in a top-level commitment to manage high costs with savings in productivity, as well as new product introductions. As a result, several core business processes are shifting to a stronger focus on customers' behavior. This includes identifying consumer buying and spending trends; and providing detailed product information such as ingredients, size, weight, label information, and origination. Decision making authority will be shifted to staff such as Sales Analysts and Sales Field Managers that work with both the customer and consumer. In order to work effectively with new consumer research, Del Monte projects that 40% of its staff will need increased analytical skills.

Del Monte has implemented software programs tools such as Atlas and Kantar to support its data management. It also recently implemented an Aseptic processing line to sterilize products in larger bins with less waste. Del Monte reports that it is one of the few companies in the country that uses the Aseptic technology.

The major focus of Del Monte's training is to: 1) identify consumer needs, 2) redesign the customer contact unit to better align with its needs, 3) learn new standards for efficiency and cost savings, 4) develop staff's skills to not rely on contractors, and 5) implement new processes to improve ways product data is managed.

Business Skills - Del Monte needs to delegate responsibility to customer-facing employees for the service side of its business. Analysts, Administrative Support, Sales, Marketing, and R&D staff, require presentations skills, customer contract writing processes, methods of positioning Del Monte's products on customer's shelves, and developing marketing plans for future product promotions. Del Monte must competitively partner with customers to provide solutions to their individualized markets, such as specialized package solutions. Therefore, R&D staff requires Innovation training.

Computer Skills - The software programs identified in the curriculum will focus on managing more sophisticated data, maintaining data servers, updating database tools and programming systems to communicate with our customers. The benefit of this updated training on Del Monte's proprietary systems will enable the company to expand data management into additional markets. Trainees will include Sales and Finance Staff, IT Programmers (Master Data Specialists). Training is required as the company moves more heavily towards the use of technology for research and supply chain management, as well as HR Services and finance tools.

Continuous Improvement - New quality processes such as LEAN, Analytic Process Training, Quality Management, and Good Manufacturing Processes (GMP) training will enable Operations, Production Staff, Technicians, Supervisors, Accounting, Administrative, Finance, Supply Chain, Distribution, Sales Staff, Marketing, and Support Staff to identify a problem

related to a process or product and provide the customer with a value-based solution in a timely manner.

Del Monte must also provide a standardized leadership training program to Managers, Supervisors, and Team leaders company-wide. Managers and Supervisors will receive updated training on coaching and developing employees for results.

Manufacturing Skills – Operations and Production Staff, as well as Supervisors and Managers throughout the distribution and supply chain will receive this training. It will include proper manufacturing practices, packaging/shipping, inventory management, and equipment operation. Del Monte has made a serious commitment to world class manufacturing processes for its California facilities.

Del Monte recently implemented the Aseptic processing line (new boilers), which sterilizes the product in larger bins while producing less waste and a better product. The new boilers produce steam to fuel the plant is innovative and sustainable and keeps Del Monte competitive in the “green” manufacturing. The Operations and Productions Staff, Supervisors, and Scientists will receive the deep training on this complex equipment.

With pressures from international regulatory committees, governmental agencies and environmental activists, Del Monte is being challenged to analyze the impact of its operational processes. A movement is growing for Lean and green manufacturing. This type of environment requires Del Monte to reduce the overall carbon footprints associated with making and moving products while implementing waste-removal initiatives and improving energy efficiency.

Computer-Based Training (CBT) - The Kantar CBT modules, which supplements the delivery of class/lab courses, are used to educate workers on the different customers and economic impacts of sales and marketing. Accounting, Administrative, Finance, Supply Chain, Distribution, Sales, and Marketing and Support Staff will use the tools in making forecasting and marketing decisions in order to have a better understanding of how their decision impacts Del Monte’s bottom line.

Commitment to Training

Del Monte reports that its current annual training budget for California non-ETP related training is estimated to be \$726,866. Ongoing training includes courses in new hire training, product orientation, seasonal worker training, compliance training, Health & Safety, basic computer skills and special training requests – budget permitting.

Del Monte represents that ETP funds will not displace the existing financial commitment to training. Del Monte anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

Del Monte represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

Green/Clean Operations

The implementation of the Aseptic processing line requires Del Monte to reduce the overall carbon footprints associated with making and moving products while implementing waste-removal initiatives and improving energy efficiency. Del Monte has purchased and an installed advanced water systems such as new boilers which will generate power to fuel the new

production operations. The systems are innovative and sustainable. Steam is generated in the boilers and used in the manufacturing of Del Monte's products. While steam operations may not be new it is an essential part of the process. The key is to be as efficient as to not require excess steam. The new boilers are the most efficient and least polluting boilers in the industry. Steam is used for running cookers, process heaters and peelers among other things. It is very important to train the mechanics and the staff to operate these machines at the proper temperatures, pressures and speeds in order to make the most cost-effective use of energy. Del Monte's Modesto plant saves \$700,000+ annually in fuel costs due to improved boiler efficiencies. Training on increasing efficiencies and methods could yield an equal amount.

High Unemployment Area

Approximately 160 trainees work in a High Unemployment Area (HUA). This is a region with unemployment exceeding the state average by 15%, under the Panel's standards at Title 22, CCR, Section 4429(b). The determination of HUA status is based on unemployment data from the Labor Market Information Division of the Employment Development Department. The company's locations in Kingsburg, Lathrop, and Modesto (Fresno, San Joaquin, and Stanislaus counties) qualify for HUA status under these standards.

However, Del Monte is not asking for a wage or retention modification.

Prior Performance

During Del Monte's previous ETP Agreement it provided training primarily on Manufacturing Skills, in preventing downtime, improving line efficiency, reducing defects and implementing new production skill.

This program differs from the previous one in that Del Monte will be training its employees on the use of new systems tools and processes to build a stronger foundation with its customer base in order to be more competitive in the marketplace.

These new and advanced skills have not been available to staff in the past. The proposed ETP-funded training is different in content and format than the company's on-going training. The proposed training will be more in depth and will focus on a variety of new technologies in order to enhance product innovation and provide data management solutions to customers.

Temporary to Permanent Hiring

Some trainees will be enrolled in training under Panel guidelines for "temporary to permanent" employment. Del Monte retains these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training.

These trainees must be determined eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency. (Unemployment Insurance Code Section 10201(c).) However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by Del Monte. Until then, Del Monte will not receive progress payments.

Training Coordinator

Del Monte reports that it has hired two ETP experienced employees at a higher level who are committed and motivated to managing the ETP project, with expectations to exceed the requested Agreement amount.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by Del Monte under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
ET08-0438	Statewide	4/1/08 – 3/31/10	\$482,670	\$158,886

Del Monte representatives report that although training was delivered the ETP project administrator did not properly document attendance. Since then the company has hired two higher level ETP-experienced employees who are committed and motivated to managing the ETP project.

DEVELOPMENT SERVICES

Del Monte retained California Training Administration in San Jose to assist with development of this proposal at no cost to Del Monte.

ADMINISTRATIVE SERVICES

California Training Administration will also perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum**Class/Lab Hours**

24 - 200

Trainees may receive any of the following:

BUSINESS SKILLS

Asking Effective Questions
Business Process Improvements
Conflict Management
Customer/Supplier Satisfaction
Del Monte Business Model
Influencing Skills
Innovation Training
Networking & New Markets
Risk Analysis
Priority Management
Supply Chain Improvements
Technical Product Sales/Marketing
Presentation Skills
Product Marketing
Understanding your Shopper
Zodiak Financial Acumen Training

COMPUTER SKILLS

Client Information System
Collaboration Tools (Sharepoint, Live Meeting, Communicator)
Database Tools
Document Control System
Electronic Inventory System
Information Technology System
Internet Tools
Microsoft Access (Intermediate/Advanced)
Microsoft Project (Intermediate/Advanced)
Microsoft Tools (Intermediate/Advanced)
Nielsen Tools
Programming Tools & Languages
Project Tools
Systems Integration/Configuration

CONTINUOUS IMPROVEMENT

Analytic Process training
Data Analysis Tools
Effective Meetings
Facilitation/Mentorship

FMEA–Failure Mode Effective Analysis
GMP-Good Manufacturing Practices
HPWT High Performance Work Teams
LEAN Processes at Del Monte
Material Management
New Quality Processes
Product & Process Improvement
Productivity Improvement
Performance & Development Process
Problem Identification/Resolution (LEAN)
Quality Awareness
Quality Management
Workplace Communications
Project Management
Leadership/Coaching Skills
 Coaching for Performance Improvement
 InsideOut Coaching for HPWT
 Situational Leadership
 Leadership Advantage Track
 Effective People Skills
Myers Briggs

MANUFACTURING SKILLS

Equipment and Workstation Safety
Failure Investigations
Inspection Techniques
LEAN Manufacturing
Maintenance of Equipment
Manufacturing Document Training
Material Handling (Hazard/Non Hazard)
New Equipment & Processes
Operating New Production Equipment
Product Inspection/Reliability
Proper Manufacturing Practices
Proper Packaging/Storage Techniques
Recycling & Waste (WEEE/RoHS)
Shipping & Receiving Techniques
Warehouse Inventory Procedures
Workflow Process

CBT Hours

0 - 24

CBT is capped at 50% of total training hours per-trainee.

COMPUTER-BASED TRAINING (CBT)

Atlas Basic Planning (Sales) - 1 hour
Kantar Brand Finance – 1 hour
Kantar Chain Drug – 1 hour
Kantar Day in the Category Manager – 1 hour
Kantar Introduction to Retailer Economics – 1 hour
Kantar Kroger 101 – 1 hour
Kantar Macroeconomics – 1 hour
Kantar Private Label – 1 hour
Kantar Retailer Economics 101 – 1 hour
Kantar Safeway 101 – 1 hour
Kantar Supervalu– 1 hour
Kantar Target 101 – 1 hour
Kantar Tesco – 1 hour
Kantar US Retail 101 – 1 hour
Kantar US Discounters – 1 hour
Kantar Walk A Store – 1 hour
Kantar WalMart Strategic Overview – 1 hour
Kantar WalMart 101 – 1 hour
Kantar Warehouse Club Industry 101 – 1 hour
Business Planning for Results – 1 hour
Microsoft Adv. Excel – 2 hours
Intro to Green and Sustainability – 2 hours
Competitive Awareness and Strategy – 15 minutes

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours, per trainee.



Teamster Union Local 601

Cannery Workers, Processors, Warehousemen and Helpers
Affiliated with the International Brotherhood of Teamsters Union

August 26, 2011

Employment Training Panel
1065 East Hillsdale Blvd. #415
Foster City, CA 94404
Attn: Anna Nastari, Analyst

RE: Del Monte ETP Application

Teamsters Local 601 supports Del Monte's application for funding from the Employment Training Panel.
This covers employees at the Lathrop, California Distribution Center.

Sincerely,

Ashley Alvarado
Secretary Treasurer
Teamsters Local 601

cc: Christine Hunter
Del Monte Food
One Maritime Plaza
San Francisco, Ca 94111

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TEAMSTERS LOCAL UNION NO. 948

TEAMSTERS, CANNERY WORKERS, FOOD PROCESSORS & HELPERS UNION

GENERAL JURISDICTION IN TULARE AND KING COUNTIES AND CANNERY AND FOOD

PROCESSING JURISDICTION IN FRESNO, MERCED AND STANISLAUS COUNTIES, CALIFORNIA

Affiliated with the International Brotherhood of Teamsters

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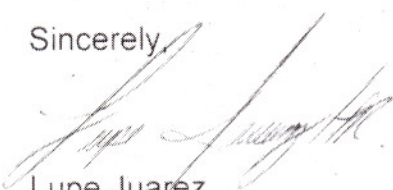
September 27, 2011

Employment Training Panel
1065 East Hillsdale Blvd. #415
Foster City, CA 94404
Attn: Anna Nastari, Analyst

RE: ETP Training Program

Teamsters Local Union 948 supports Del Monte's application for funding from the ETP training program. This covers the Del Monte's facilities in Modesto/Kingsburg, California, which will provide our members with the skills needed to meet customers' requirement and a secure work environment for the future.

Sincerely,


Lupe Juarez
Secretary-Treasurer

LJ:lr

cc: Christine Hunter
Justin Mullins